

VILLAGE OF COLLINSTON, LOUISIANA

FINANCIAL REPORT

December 31, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.   
 Parish Clerk of Court

Release Date 7-17-02

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# HILL, INZINA & COMPANY

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Honorable Robert Stewart, Mayor,  
and Members of the Board of Aldermen  
Village of Collinston, Louisiana

We have audited the accompanying general-purpose financial statements of Village of Collinston, Louisiana, as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the management of Village of Collinston, Louisiana. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Collinston, Louisiana, as of December 31, 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2002, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an internal part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit of the December 31, 2001, general-purpose financial statements was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of Village of Collinston, Louisiana. The schedule of expenditures of federal awards is presented as required by U.S. Office Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

All supplementary information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

*Hill, Prigman & Co.*

March 19, 2002

GENERAL-PURPOSE FINANCIAL STATEMENTS

(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF COLLINSTON, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 2001

|  | <u>Governmental Fund Types</u> |                     | <u>Proprietary<br/>Fund Type</u> |
|--|--------------------------------|---------------------|----------------------------------|
|  | <u>General</u>                 | <u>Debt Service</u> | <u>Enterprise</u>                |
| ASSETS AND OTHER DEBITS                |                                |                     |                                  |
| Assets:                                |                                |                     |                                  |
| Cash                                   | \$ 37,214                      | \$ 24,366           | \$ 19,746                        |
| Investment                             | 5,000                          | -                   | -                                |
| Receivables:                           |                                |                     |                                  |
| Taxes                                  | 7,072                          | 6,746               | -                                |
| Accounts                               | -                              | -                   | 9,433                            |
| Due from other funds                   | 26,509                         | 8,316               | 80                               |
| Restricted assets:                     |                                |                     |                                  |
| Cash                                   | -                              | -                   | 56,745                           |
| Due from other funds                   | -                              | -                   | 3,993                            |
| Fixed assets (net)                     | -                              | -                   | 1,192,633                        |
| Other debits:                          |                                |                     |                                  |
| Amount available in Debt Service Funds | -                              | -                   | -                                |
| Total assets and other debits          | <u>\$ 75,795</u>               | <u>\$ 39,428</u>    | <u>\$ 1,282,630</u>              |

| <u>Account Groups</u> |                  |                     |                    |
|-----------------------|------------------|---------------------|--------------------|
| <u>General</u>        | <u>General</u>   |                     | <u>Totals -</u>    |
| <u>Fixed Assets</u>   | <u>Long-Term</u> |                     | <u>(Memorandum</u> |
|                       | <u>Debt</u>      |                     | <u>Only)</u>       |
| \$ -                  | \$ -             | \$                  | 81,326             |
| -                     | -                |                     | 5,000              |
| -                     | -                |                     | 13,818             |
| -                     | -                |                     | 9,433              |
| -                     | -                |                     | 34,905             |
| -                     | -                |                     | 56,745             |
| -                     | -                |                     | 3,993              |
| 465,757               | -                |                     | 1,658,390          |
| <u>-</u>              | <u>30,000</u>    | <u>30,000</u>       |                    |
| <u>\$ 465,757</u>     | <u>\$ 30,000</u> | <u>\$ 1,893,610</u> |                    |

(continued)

VILLAGE OF COLLINSTON, LOUISIANA

COMBINED BALANCE SHEET -  
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)  
December 31, 2001

|   | <u>Governmental Fund Types</u> |                     | <u>Proprietary<br/>Fund Type</u> |
|---|--------------------------------|---------------------|----------------------------------|
|   | <u>General</u>                 | <u>Debt Service</u> | <u>Enterprise</u>                |
| LIABILITIES, EQUITY, AND<br>OTHER CREDITS                       |                                |                     |                                  |
| Liabilities:  |                                |                     |                                  |
| Accounts payable  | \$ 1,688                       | \$ -                | \$ -                             |
| Accrued expenses  | 129                            | -                   | 2,723                            |
| Due to other funds  | 10,295                         | 462                 | 22,983                           |
| Deferred revenue  | 5,938                          | 9,326               | -                                |
| Payable from restricted assets:                                 |                                |                     |                                  |
| Customers' deposits   | -                              | -                   | 11,866                           |
| Due to other funds  | -                              | -                   | 5,158                            |
| Revenue bonds payable - current                                 | -                              | -                   | 7,023                            |
| Accrued interest payable  | -                              | -                   | 1,221                            |
| Revenue bonds payable - net of current portion                  | -                              | -                   | 470,132                          |
| General obligation bonds payable                                | -                              | -                   | -                                |
| Total liabilities   | <u>\$ 18,050</u>               | <u>\$ 9,788</u>     | <u>\$ 521,106</u>                |
| Equity and other credits:                                       |                                |                     |                                  |
| Contributed capital   | \$ -                           | \$ -                | \$ 761,361                       |
| Investment in general fixed assets                              | -                              | -                   | -                                |
| Retained earnings:  |                                |                     |                                  |
| Reserved for revenue bond retirement and<br>customers' deposits | -                              | -                   | 35,470                           |
| Unreserved (deficit)  | -                              | -                   | ( 35,307)                        |
| Fund balances:  |                                |                     |                                  |
| Reserved for debt service                                       | -                              | 29,640              | -                                |
| Unreserved and undesignated                                     | 57,745                         | -                   | -                                |
| Total equity and other credits                                  | <u>\$ 57,745</u>               | <u>\$ 29,640</u>    | <u>-</u>                         |
| Total liabilities, equity, and other credits                    | <u>\$ 75,795</u>               | <u>\$ 39,428</u>    | <u>\$ 761,524</u>                |

See notes to financial statements.



| <u>Account Groups</u>                 |   |   |
|---------------------------------------|---|---|
| <u>General</u><br><u>Fixed Assets</u> | <u>General</u><br><u>Long-Term</u><br><u>Debt</u> | <u>Totals -</u><br><u>(Memorandum</u><br><u>Only)</u> |
| \$ -                                  | \$ -  | \$ 1,688  |
| -                                     | -   | 2,852   |
| -                                     | -   | 33,740  |
| -                                     | -   | 15,264  |
| -                                     | -   | 11,866  |
| -                                     | -   | 5,158   |
| -                                     | -   | 7,023   |
| -                                     | -   | 1,221   |
| -                                     | -   | 470,132   |
| -                                     | 30,000  | 30,000  |
| <u>\$ -</u>                           | <u>\$ 30,000</u>                                  | <u>\$ 578,944</u>                                     |
|                                       |   |   |
| \$ -                                  | \$ -  | \$ 761,361  |
| 465,757                               | -   | 465,757   |
| -                                     | -   | 35,470  |
| -                                     | -   | ( 35,307)   |
| -                                     | -   | 29,640  |
| -                                     | -   | 57,745  |
| <u>\$ 465,757</u>                     | <u>\$ -</u>                                       | <u>\$ 1,314,666</u>                                   |
|                                       |   |   |
| <u>\$ 465,757</u>                     | <u>\$ 30,000</u>                                  | <u>\$ 1,893,610</u>                                   |

# VILLAGE OF COLLINSTON, LOUISIANA

## COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES Year Ended December 31, 2001

|   | <u>General</u>   | <u>Debt Service</u> | <u>Capital<br/>Projects</u> | Totals -<br>(Memorandum<br>Only) |
|---|------------------|---------------------|-----------------------------|----------------------------------|
| Revenues:                               |                  |                     |                             |                                  |
| Taxes                                   | \$ 31,944        | \$ 8,134            | \$ -                        | \$ 40,078                        |
| Licenses and permits                    | 18,955           | -                   | -                           | 18,955                           |
| Intergovernmental                       | 25,586           | -                   | 57,083                      | 82,669                           |
| Fines and forfeitures                   | 157              | -                   | -                           | 157                              |
| Charges for services                    | 5,500            | -                   | -                           | 5,500                            |
| Interest and miscellaneous              | 677              | 478                 | -                           | 1,155                            |
|   | <u>\$ 82,819</u> | <u>\$ 8,612</u>     | <u>\$ 57,083</u>            | <u>\$ 148,514</u>                |
| Expenditures:                           |                  |                     |                             |                                  |
| Current:                                |                  |                     |                             |                                  |
| General government                      | \$ 32,232        | \$ -                | \$ -                        | \$ 32,232                        |
| Public safety                           | 15,028           | -                   | -                           | 15,028                           |
| Debt service:                           |                  |                     |                             |                                  |
| Principal retirement                    | -                | 2,000               | -                           | 2,000                            |
| Interest                                | -                | 1,600               | -                           | 1,600                            |
| Capital outlay                          | 27,000           | -                   | 57,083                      | 84,083                           |
|   | <u>\$ 74,260</u> | <u>\$ 3,600</u>     | <u>\$ 57,083</u>            | <u>\$ 134,943</u>                |
| Excess of revenues over<br>expenditures | \$ 8,559         | \$ 5,012            | \$ -                        | \$ 13,571                        |
| Other financing sources:                |                  |                     |                             |                                  |
| Operating transfers in                  | <u>3,375</u>     | <u>-</u>            | <u>-</u>                    | <u>3,375</u>                     |

(continued)

VILLAGE OF COLLINSTON, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - ALL GOVERNMENT FUND TYPES (Continued)  
Year Ended December 31, 2001

|  | <u>General</u>   | <u>Debt Service</u> | <u>Capital<br/>Projects</u> | Totals -<br>(Memorandum<br>Only) |
|--|------------------|---------------------|-----------------------------|----------------------------------|
| Excess of revenues and<br>other financing sources<br>over expenditures | \$ 11,934        | \$ 5,012            | \$ -                        | \$ 16,946                        |
| Cumulative effect of change<br>in accounting principle                 | ( 5,330)         | ( 8,372)            | -                           | ( 13,702)                        |
| Fund balances - beginning  | <u>51,141</u>    | <u>33,000</u>       | <u>-</u>                    | <u>84,141</u>                    |
| Fund balances - ending   | <u>\$ 57,745</u> | <u>\$ 29,640</u>    | <u>\$ -</u>                 | <u>\$ 87,385</u>                 |

See notes to financial statements.

# VILLAGE OF COLLINSTON, LOUISIANA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPE - GENERAL FUND Year Ended December 31, 2001

|  | <u>Budget</u>    | <u>Actual</u>    | Variance -<br>Favorable<br>(Unfavorable) |
|--|------------------|------------------|--|
| Revenues:  |                  |                  |  |
| Taxes  | \$ 30,765        | \$ 31,944        | \$ 1,179                                 |
| Licenses and permits   | 15,455           | 18,955           | 3,500                                    |
| Intergovernmental  | 2,020            | 25,586           | 23,566                                   |
| Fines and forfeitures  | 1,360            | 157              | ( 1,203)                                 |
| Charges for services   | 6,000            | 5,500            | ( 500)                                   |
| Interest and miscellaneous                                       | 765              | 677              | ( 88)                                    |
|  | <u>\$ 56,365</u> | <u>\$ 82,819</u> | <u>\$ 26,454</u>                         |
| Expenditures:  |                  |                  |  |
| Current:   |                  |                  |  |
| General government   | \$ 24,635        | \$ 32,232        | \$( 7,597)                               |
| Public safety  | 28,360           | 15,028           | 13,332                                   |
| Capital outlay   | 3,370            | 27,000           | ( 23,630)                                |
|  | <u>\$ 56,365</u> | <u>\$ 74,260</u> | <u>\$( 17,895)</u>                       |
| Excess of revenues over expenditures                             | \$ -             | \$ 8,559         | \$ 8,559                                 |
| Other financing sources:   |                  |                  |  |
| Operating transfers in   | <u>-</u>         | <u>3,375</u>     | <u>3,375</u>                             |
| Excess of revenues and other financing sources over expenditures | \$ -             | \$ 11,934        | \$ 11,934                                |
| Cumulative effect of change in accounting principle              | -                | ( 5,330)         | ( 5,330)                                 |
| Fund balance - beginning   | <u>-</u>         | <u>51,141</u>    | <u>51,141</u>                            |
| Fund balance - ending  | <u>\$ -</u>      | <u>\$ 57,745</u> | <u>\$ 57,745</u>                         |

See notes to financial statements.

VILLAGE OF COLLINSTON, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 Year Ended December 31, 2001

|   |                   |
|---|-------------------|
| Operating revenues:                     |                   |
| Water and sewer fees                    | \$ <u>89,012</u>  |
| Expenses:                               |                   |
| Contract labor                          | \$ 2,056          |
| Depreciation                            | 17,494            |
| Dues and subscriptions                  | 1,185             |
| Insurance                               | 4,071             |
| Interest                                | 20,842            |
| Legal and accounting                    | 7,380             |
| Office and postage                      | 1,269             |
| Repairs and maintenance                 | 9,286             |
| Salaries and payroll taxes              | 25,009            |
| Telephone                               | 278               |
| Travel and meetings                     | 164               |
| Utilities                               | <u>8,159</u>      |
|   | \$ <u>97,193</u>  |
| Operating income (loss)                 | \$ ( 8,181)       |
| Nonoperating revenues:                  |                   |
| Grants                                  | 159,875           |
| Interest and miscellaneous              | <u>3,244</u>      |
| Income before operating transfers       | \$ 154,938        |
| Operating transfers in (out)            | <u>( 3,375)</u>   |
| Net income                              | \$ 151,563        |
| Retained earnings (deficit) - beginning | <u>( 151,400)</u> |
| Retained earnings - ending              | <u>\$ 163</u>     |

See notes to financial statements.

VILLAGE OF COLLINSTON, LOUISIANA  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
Year Ended December 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

|   |                  |
|---|------------------|
| Operating income (loss)   | S( 8,181)        |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                  |
| Depreciation  | 17,494           |
| (Increase) decrease in accounts receivable  | ( 2,300)         |
| (Increase) decrease in due from other funds   | ( 50)            |
| (Increase) decrease in restricted assets  | ( 49)            |
| Increase (decrease) in accounts payable   | ( 15,109)        |
| Increase (decrease) in accrued expenses   | ( 149)           |
| Increase (decrease) in liabilities payable from restricted assets                                     | 488              |
| Net cash provided (used) by operating activities  | <u>S( 7,856)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

|                                     |                |
|-------------------------------------|----------------|
| Interest and miscellaneous revenues | <u>S 3,244</u> |
|-------------------------------------|----------------|

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

|   |                   |
|---|-------------------|
| Grant proceeds  | S 159,875         |
| Proceeds from revenue bonds   | 110,361           |
| Contributed capital   | 321,361           |
| Repayment of revenue bonds  | ( 3,845)          |
| Purchase of assets  | <u>( 559,657)</u> |
| Net cash flows provided by capital and related financing activities | <u>S 28,095</u>   |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

|                                 |                  |
|---------------------------------|------------------|
| Operating transfers in (out)    | <u>S( 3,375)</u> |
| Net increase (decrease) in cash | S( 20,108)       |

|                  |               |
|------------------|---------------|
| CASH - beginning | <u>76,491</u> |
|------------------|---------------|

|               |                        |
|---------------|------------------------|
| CASH - ending | <u><u>S 56,383</u></u> |
|---------------|------------------------|

See notes to financial statements.

VILLAGE OF COLLINSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
As of and For the Year Ended December 31, 2001

Note 1. Organization and Summary of Significant Accounting Policies

Village of Collinston, Louisiana, (the "Village") operates under a mayor-board of aldermen form of government in accordance with the provisions of the Lawrason Act. Citizens elect the mayor (at large) and three council members (by districts) who are each compensated. The Village is located in northeast Louisiana, its population is approximately 375, and it employs 3 people. As of December 31, 2001, the Village services approximately 160 utility customers and maintains approximately 3 miles of roads.

The following services are provided by the Village: general administrative, public safety (police), public works (streets), sanitation, and public improvements.

The more significant of the Village's accounting policies are described below:

Basis of Presentation:

The accompanying financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity:

As the municipal governing authority, for reporting purposes, the Village is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (Village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

## NOTES TO FINANCIAL STATEMENTS

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the municipality to impose its will on that organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Village has determined that Sewer District No. 1 of Village of Collinston, Louisiana, is a component unit of the reporting entity. As required by generally accepted accounting principles, these financial statements present Village of Collinston, Louisiana, (the primary government) and its component unit. The component unit is reported as part of the municipality and blended with the appropriate municipality funds.

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality are blended component units. For a component unit to be blended, the organization's board and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality.

Considered in the determination of component units of the reporting entity were Eighth Ward Fire Protection District No. 1 of Morehouse Parish, Louisiana. It was determined that this governmental entity is not a component unit of the Village's reporting entity.

### Fund Accounting:

The Village uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.



## NOTES TO FINANCIAL STATEMENTS

Funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

### Governmental funds:

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund - the general operating fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds.

Debt Service Fund - accounts for transactions relating to resources retained after the full payment of principal, interest, and related costs of a long-term debt obligation.

Capital Projects Fund - accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

### Proprietary funds:

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund is:

Enterprise Fund - accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

## NOTES TO FINANCIAL STATEMENTS

### Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds.

The modified accrual basis of accounting recognizes revenues when both "measurable" and "available". Measurable means the amount can be determined and available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due. Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses) and are recorded when the transaction occurs.

The proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time the liabilities are incurred.

Those major revenues susceptible to accrual are ad valorem, sales, and franchise taxes; intergovernmental revenues; and water and sewer fees. Licenses and permits, charges for services (other than water and sewer fees), fines, and other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

### Budgets and Budgetary Accounting:

The Board of Aldermen adopted an annual budget for the General Fund on February 13, 2001. The annual budget was prepared in accordance with the basis of accounting utilized by the fund. The Village Clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Aldermen. There were no amendments to the budget during the year. All annual appropriations lapse at fiscal year end.

## NOTES TO FINANCIAL STATEMENTS

### Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Village.

### Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Cash:

Cash includes amounts in interest-bearing demand and time deposits. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

### Investments:

Investments are limited by Louisiana Revised statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Nonparticipating investment contracts, generally certificates of deposit, are reported at cost, which approximates market value.

### Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. Village management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

### Interfund Receivables/Payables:

During the course of operation, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

## NOTES TO FINANCIAL STATEMENTS

### Fixed Assets:

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the General Fixed Assets Account Group. Public domain or infrastructures including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or, if donated, assets are valued at their estimated fair market value on the date of donation.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the fund net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation has been calculated on each class of depreciable property using the straight line method over the estimated useful lives as follows:

|                        |              |
|------------------------|--------------|
| Water and sewer system | 40 years     |
| Equipment              | 5 - 10 years |

### Accumulated Compensated Absences:

The cost of accumulated compensated absences is recognized when actually paid to employees. No liability is recorded for nonvesting accumulating rights to receive vacation or sick pay benefits.

### Long-Term Obligations:

Long-term obligations expected to be financed from governmental funds are reported in the General Long-Term Debt Account Group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

Long-term obligations expected to be financed from proprietary fund operations are accounted for in that fund.

### Fund Equity:

Contributed capital is recorded in the proprietary fund when capital contributions are received from other funds and such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

## NOTES TO FINANCIAL STATEMENTS

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

### Interfund Transactions:

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

### Revenue Recognition - Ad Valorem and Sales/Use Taxes:

Ad valorem taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Village in September or October, are actually billed to the taxpayers in November, and are due and payable on or before January 1 of the following year. All unpaid taxes become delinquent on March 15 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Morehouse Parish. The Village's ad valorem tax revenues are recognized as deferred revenue when levied.

Sales/use taxes collected and held by other governments at year end on behalf of the Village and those collected by other governments and remitted to the Village within 60 days after December 31 for preceding months are recognized as revenue. The sales/use taxes are collected by Morehouse Sales and Use Tax Commission and remitted to the Village.

### Total Columns on Combined Statements - Overview:

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Violations of Local Government Budget Act

All action necessary to adopt and finalize the budget for the General Fund for the year ended December 31, 2001, was not completed prior to the end of 2000 as the 2001 budget was not formally adopted by the Board of Aldermen until February 13, 2001.

Also, the chief executive officer, or equivalent did not notify in writing the governing authority during 2001 when actual expenditures plus projected expenditures to year end exceeded budgeted expenditures by 5% or more.

### Note 3. Cash and Investments

The following is a summary of cash and investments at December 31, 2001:

|                                      |                   |
|--------------------------------------|-------------------|
| Non-pooled deposits:                 |                   |
| Non-interest bearing demand deposits | \$ 22,841         |
| Interest bearing demand deposits     | 41,088            |
| Time deposits                        | 74,142            |
| Investments                          | <u>5,000</u>      |
|                                      | <u>\$ 143,071</u> |

The deposits are stated at cost, which approximates market. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held jointly in the name of the pledging fiscal agent bank and the Village in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2001, the carrying amount and bank balance of the Village's deposits were \$143,071 and \$146,227, respectively. Of the bank balance, \$146,227 was covered by federal depository insurance.

There were no repurchase or reverse repurchase agreements at December 31, 2001.

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Receivables

The following is a summary of receivables as of December 31, 2001:

|                     | General<br><u>Fund</u> | Debt<br>Service<br><u>Fund</u> | Enterprise<br><u>Fund</u> | <u>Totals</u>    |
|---------------------|------------------------|--------------------------------|---------------------------|------------------|
| Taxes:              |                        |                                |                           |                  |
| Ad valorem          | \$ 4,366               | \$ 6,746                       | \$ -                      | \$ 11,112        |
| Sales               | 1,917                  | -                              | -                         | 1,917            |
| Franchise           | 789                    | -                              | -                         | 789              |
| Accounts receivable | <u>-</u>               | <u>-</u>                       | <u>9,433</u>              | <u>9,433</u>     |
|                     | <u>\$ 7,072</u>        | <u>\$ 6,746</u>                | <u>\$ 9,433</u>           | <u>\$ 23,251</u> |

### Note 5. Taxes

For the year ended December 31, 2001, ad valorem taxes of 18.56 mills were levied on property with assessed valuations totaling \$822,410 as follows:

|                            | Authorized<br><u>Millage</u> | Levied<br><u>Millage</u> | Expiration<br><u>Date</u> |
|----------------------------|------------------------------|--------------------------|---------------------------|
| General corporate purposes | 7.22                         | 7.22                     | Perpetual                 |
| Sewer debt service         | 5.67                         | 5.67                     | 2015                      |
| Sewer debt service         | 5.67                         | 5.67                     | 2015                      |

The following is the principal ad valorem taxpayer for the Village:

| <u>Taxpayer</u>                         | Assessed<br><u>Valuation</u> | Percentage of<br>Total Assessed<br><u>Valuation</u> | Ad Valorem<br>Tax<br><u>Revenue</u> |
|---|------------------------------|---|-------------------------------------|
| Northeast Louisiana Telephone Co., Inc. | \$ 394,581                   | 47.98%  | \$ 29,661                           |

Total ad valorem taxes levied were \$15,264. As of December 31, 2001, ad valorem taxes receivable was \$11,112.

For the year ended December 31, 2001, sales and use taxes of 2% were levied for any and all lawful municipal purposes. These taxes will expire December 31, 2009.

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Changes in Fixed Assets

A summary of the changes in the General Fixed Assets Account Group is as follows:

|                                      | Balance<br>January 1,<br><u>2001</u> | <u>Additions</u> | <u>Retirements</u> | Balance<br>December<br>31, 2001 |
|--------------------------------------|--------------------------------------|------------------|--------------------|---------------------------------|
| Land                                 | \$ 2,600                             | \$ -             | \$ -               | \$ 2,600                        |
| Buildings                            | 108,661                              |                  |                    | 108,661                         |
| Construction in progress             | -                                    | 46,571           | -                  | 46,571                          |
| Improvements other than<br>buildings | 203,765                              | -                | -                  | 203,765                         |
| Machinery and equipment              | <u>77,160</u>                        | <u>27,000</u>    | <u>-</u>           | <u>104,160</u>                  |
|                                      | <u>\$ 392,186</u>                    | <u>\$ 73,571</u> | <u>\$ -</u>        | <u>\$ 465,757</u>               |

A summary of the Enterprise Fund fixed assets and depreciation at December 31, 2001, is as follows:

|                        | <u>Cost</u>         | <u>Accumulated<br/>Depreciation</u> | <u>Net</u>          | <u>Current<br/>Depreciation</u> |
|------------------------|---------------------|-------------------------------------|---------------------|---------------------------------|
| Water and sewer system | <u>\$ 1,520,189</u> | <u>\$ 327,556</u>                   | <u>\$ 1,192,633</u> | <u>\$ 17,494</u>                |

### Note 7. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended December 31, 2001:

|   | General<br>Obligation<br><u>Bonds</u> | Revenue<br><u>Bonds</u> | <u>Totals</u>     |
|---|---------------------------------------|-------------------------|-------------------|
| Long-term debt<br>payable - January 1, 2001   | \$ 32,000                             | \$ 370,640              | \$ 402,640        |
| Additions                                     | -                                     | 110,360                 | 110,360           |
| Retirements                                   | <u>( 2,000)</u>                       | <u>( 3,845)</u>         | <u>( 5,845)</u>   |
| Long-term debt<br>payable - December 31, 2001 | <u>\$ 30,000</u>                      | <u>\$ 477,155</u>       | <u>\$ 507,155</u> |



## NOTES TO FINANCIAL STATEMENT

The bonds are comprised of the following individual issues:

General obligation bonds (two identical issues, each as follows):

\$34,000 Public Improvement Bonds - dated August 20, 1976, due in annual installments ranging from \$500 to \$1,000, bear interest at 5%, payable August 20 of each year. Principal due August 20 of each year is as follows:

|             |          |
|-------------|----------|
| 2002 - 2016 | \$ 1,000 |
|-------------|----------|

Revenue bonds:

\$110,000 Water and Sewer Revenue Bonds - dated August 20, 1976, annual installments ranging from \$1,000 to \$6,000, bear interest at 5%, payable August 20 of each year. Principal due August 20 of each year is as follows:

|             |          |
|-------------|----------|
| 2002 - 2003 | \$ 3,000 |
| 2004 - 2009 | 4,000    |
| 2010 - 2014 | 5,000    |
| 2015 - 2016 | 6,000    |

\$411,000 Water Revenue Bonds, Series 2000 - dated September 27, 2000, monthly payments of \$1,866 beginning October 27, 2001, bear interest at 4.5%. Principal due each calendar year is as follows:

|            |          |
|------------|----------|
| 2002       | \$ 4,023 |
| 2003       | 4,207    |
| 2004       | 4,401    |
| 2005       | 4,602    |
| 2006       | 4,814    |
| Thereafter | 388,108  |

The annual requirements to amortize bonded debt as of December 31, 2001, including interest payments of \$497,476 are as follows:

## NOTES TO FINANCIAL STATEMENTS

| Year Ending<br>December 31, | General<br>Obligation<br>Bonds | Revenue<br>Bonds  | Totals              |
|-----------------------------|--------------------------------|-------------------|---------------------|
| 2002                        | \$ 3,500                       | \$ 28,741         | \$ 32,241           |
| 2003                        | 3,400                          | 28,591            | 31,991              |
| 2004                        | 3,300                          | 29,441            | 32,741              |
| 2005                        | 3,200                          | 29,241            | 32,441              |
| 2006                        | 3,100                          | 29,041            | 32,141              |
| Thereafter                  | <u>25,500</u>                  | <u>817,576</u>    | <u>843,076</u>      |
|                             | <u>\$ 42,000</u>               | <u>\$ 962,631</u> | <u>\$ 1,004,631</u> |

At December 31, 2001, \$32,000 is available in the Debt Service Fund to service the general obligation bonds.

### Note 8. Enterprise Fund Contributed Capital

Contributed capital of the Enterprise Fund was increased by \$321,361 in 2001 for fixed assets acquired with funding sources originally accounted for in the Capital Projects Fund.

### Note 9. Enterprise Fund Retained Earnings - Reserved

The excess assets available for payment of liabilities associated with long-term debt obligations and customers' meter deposits has been reserved.

### Note 10. Fund Balance - Reserved

The general obligation bond ordinances require that the excess of assets over liabilities in the Debt Service Fund be restricted for future debt service requirements.

### Note 11. Change in Accounting Principle

During the year ended December 31, 2001, the Village adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In accordance with GASB Statement No. 33, property (ad valorem) taxes are recognized as revenue in the period for which they are levied, even if the property tax due date or enforceable lien arises in a different period. Property tax receivables are recognized when the Village has an enforceable lien on the taxable property. Prior to the adoption of GASB Statement No. 33, the Village recognized the property tax revenue and the receivable in the same period which was when the Village had an enforceable lien on the taxable property. The cumulative effect on beginning fund balances of this change in accounting principle was computed as follows:

## NOTES TO FINANCIAL STATEMENTS

|   | Effect on Beginning<br>Fund Balance<br><u>Increase (Decrease)</u> |                              |
|---|---|------------------------------|
|   | <u>General<br/>Fund</u>   | <u>Debt Service<br/>Fund</u> |
| 2000 ad valorem taxes levied for 2001 and reported<br>as revenue for the year ended December 31, 2000 | <u>\$ ( 5,330)</u>  | <u>\$ ( 8,372)</u>           |

### Note 12. Contingencies and Risk Management

The Village participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Village has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Village management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for all risks of loss, including workers' compensation. Settlement amounts have not exceeded insurance coverage for the current year or three prior fiscal year.

### Note 13. Commitments

In 2001, the Village was awarded a \$197,700 grant from State of Louisiana Office of Community Development for water improvements. Additional funding for the project was provided by a grant of \$75,000 from Rural Utilities Service (RUS), Department of Agriculture. As of December 31, 2001, \$46,500 of the state grant had been expended while none of the Rural Utilities Service grant had been expended.

SUPPLEMENTARY INFORMATION

VILLAGE OF MER ROUGE, LOUISIANA

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS

Year Ended December 31, 2001

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the board members is included in the general government expenditures of the General Fund.

| <u>Name and Title</u>       | <u>Compensation</u> |
|-----------------------------|---------------------|
| Robert Stewart, Mayor       | \$ 840              |
| Rector Hopgood, Alderman    | 480                 |
| Wayne Gilbreath, Alderman   | 480                 |
| Edward Jones, Alderman      | 360                 |
| Frank Miller, Sr., Alderman | <u>120</u>          |
| Total compensation          | <u>\$ 2,280</u>     |

VILLAGE OF COLLINSTON, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2001

| Federal Grantor/Pass Through<br>Grantor/Program Title | Federal CFDA<br>Number | Pass- Through<br>Entity<br>Identifying<br>Number | Expenditures      |
|---|------------------------|--|-------------------|
| Department of Housing and Urban<br>Development:       |                        |  |                   |
| Louisiana Division of Administration/                 |                        |  |                   |
| Community Development Block Grant (water)             | 14.228                 | 107-900373                                       | \$ 10,513         |
| Community Development Block Grant (fire)              | 14.228                 | 576133   | 46,570            |
| Department of Agriculture:                            |                        |  |                   |
| Water and Waste Disposal Systems for                  |                        |  |                   |
| Rural Communities                                     | 10.760                 | 97-05-08   | 242,417           |
| Community Facilities Loans and Grants                 | 10.766                 | 9900-MRH-0301                                    | <u>18,000</u>     |
| Total expenditures of federal awards                  |                        |  | <u>\$ 317,500</u> |

See note to schedule of expenditures of federal awards.

VILLAGE OF COLLINSTON, LOUISIANA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2001

Note 1. Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Village of Collinston, Louisiana, and is being presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

# HILL, INZINA & COMPANY

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Robert Stewart, Mayor,  
and Members of the Board of Aldermen  
Village of Collinston, Louisiana

We have audited the general-purpose financial statements of Village of Collinston, Louisiana, as of and for the year ended December 31, 2001, and have issued our report thereon dated March 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2001-2, 2001-3, 2001-4, and 2001-5.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2001-1.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management, others within the organization, Board of Aldermen, federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Hill, Dwyer & Co.*

March 19, 2002

# HILL, INZINA & COMPANY

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Robert Stewart, Mayor,  
and Members of the Board of Aldermen  
Village of Collinston, Louisiana

### Compliance

We have audited the compliance of Village of Collinston, Louisiana, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, Village of Collinston, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.

### Internal Control Over Compliance

The management of Village of Collinston, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Village's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2001-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management, others within the organization, Board of Aldermen, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Hill, Dwyer & Co.*

March 19, 2002

VILLAGE OF COLLINSTON, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
WITH MANAGEMENT'S PLANNED CORRECTIVE ACTION  
Year Ended December 31, 2001

We have audited the financial statements of Village of Collinston, Louisiana, as of and for the year ended December 31, 2001, and have issued our report thereon dated March 19, 2002. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Our audit of the financial statements as of December 31, 2001, resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Compliance and Internal Control Material to the Financial Statements

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

Internal Control

Material Weaknesses ☒ Yes ☐ No Reportable Conditions ☒ Yes ☐ No

b. Federal Awards

Internal Control

Material Weaknesses ☒ Yes ☐ No Reportable Conditions ☒ Yes ☐ No

Type of Opinion on Compliance  
for Major Programs

Unqualified ☒ Qualified ☐  
Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)?

☒ Yes ☐ No

c. Identification of Major Program:

CFDA Number 10.760

Water and Waste Disposal Systems for  
Rural Communities

1. Dollar threshold used to distinguish between Type A and Type B Programs \$300,000
2. Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☒ No

## Section II - Financial Statement Findings

- 2001-1     Inadequate Segregation of Duties (finding was initially cited in Village's audit as of and for the year ended December 31, 1994)

Criteria:             Adequate segregation of duties is essential to a proper internal control structure.

Condition:           The segregation of duties is inadequate to provide effective internal control.

Cause:                The condition is due to economic and space limitations.

Effect:                Not determined.

Recommendation: No action is recommended.

Management's  
response and  
planned cor-  
rective action:        We concur in the finding, but it is not economically feasible nor does space allow for corrective action to be taken.

- 2000-2     Noncompliance with State Statute (initial citing)

Criteria:             The Local Government Budget Act requires that the chief executive officer or equivalent notify in writing the governing authority during the year when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by 5% or more, or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by 5% or more.

Condition:           Actual expenditures of the General Fund of \$74,260 exceeded budgeted expenditures of \$56,365 by \$17,895 or 31.75%.

Cause:                The budget of the General Fund was not monitored and amended as required when grant funds were received for capital outlay.

Effect:                The Village is in violation of the Local Government Budget Act.

Recommendation: The chief executive officer or equivalent should notify the governing authority in writing during the year when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by 5% or more. The governing authority should amend the budget when notified.

Management's  
response and  
planned cor-  
rective action:

The chief executive officer concurs with the finding and will periodically monitor the budget and notify the governing authority in writing as amendments are required.

2001-3 Noncompliance with State Statute (initial citing)

Criteria: All action necessary to adopt and finalize the budget must be completed by the prior year end.

Condition: The General Fund budget for the year ended December 31, 2001 was not formally adopted by the Board of Aldermen until February 13, 2001.

Cause: The condition was due to the governing authority's oversight.

Effect: The Village is in violation of the Local Government Budget Act.

Recommendation: The proposed budget is to be completed and submitted to the Board of Aldermen and made available for public inspection no later than fifteen days prior to the beginning of each fiscal year. All action necessary to adopt and finalize the budget is to be completed prior to year end.

Management's  
response and  
planned cor-  
rective action:

We concur in the finding and completion and submission of future budgets will be timely.

2001-4 Asset Management (finding was initially cited in Village's audit as of and for the year ended December 31, 1994)

Criteria: LSA-RS 24:515 and /or 39:321-332, as applicable, require that the Village maintain records of its general fixed assets and movable property.

Condition: The Village has a partial inventory of general fixed assets and movable property but such inventory is not complete and does not include all of the required data (serial number, date acquired, etc.)

Cause: Sufficient time has not been taken to complete the records.

Effect: Assets of the Village are susceptible to being lost, stolen, misplaced, etc.

Recommendation: Time should be taken and a responsible party assigned to completing the inventory records.

Management's  
response and  
planned cor-  
rective action:

We concur in the finding and will assign a responsible party to complete the inventory records.

2001-5 Failure to Publish and Retain (finding was initially cited in Village's audit as of and for the year ended December 31, 2000)

Criteria: Pursuant to LSA-RS 43:143-144 and A.G. 82-383, minutes, ordinances, resolutions, budgets, and other official proceedings of the Village are to be publish in the official journal.

Condition: All legal proceedings of the Village are not being published in the official journal and minutes of the regular July, 2001 council meeting were not retained in the Villages's permanent records.

Cause: The Village's management is of the opinion that due to the lack of funds, this expenditure is not feasible. The minutes were inadvertently destroyed with no means available for reconstruction.

Effect: The Village is in violation of state law.

Recommendation: The Village must comply with state law.

Management's  
response and  
planned cor-  
rective action:

We concur with the finding and recommendation.

### Section III - Federal Awards Findings

2001-1    Inadequate Segregation of Duties  
          (See 2001-1 in Section II)

Programs:            Water and Waste Disposal Systems for Rural Communities



VILLAGE OF COLLINSTON  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
Year Ended December 31, 2001

Section I - Internal Control and Compliance Material to Financial Statements

2000-1 Inadequate Segregation of Duties

Adequate segregation of duties is essential to proper internal control.

Unresolved - 2001-1.

2000-2 Deficit Enterprise Fund Retained Earnings

The Village's water and sewer revenue bonds' resolutions require that the Village fix, establish, and maintain rates and collect such fees, rents, or other charges for the services and facilities of the system sufficient to provide for the payment of the reasonable and necessary expenses of administering, operating, and maintaining the system.

Resolved.

2000-3 Asset Management

LSA-RS 24:515 and/or 39:321 - 332, as applicable, require that the Village maintain record of its general fixed assets and movable property.

Unresolved - 2001 - 4.

2000-4 Failure to Publish

Pursuant to LSA-RS 43:143 - 144 and A.G. 82 - 383, minutes, ordinances, resolutions, budgets, and other official proceedings of the Village are to be published in the official journal.

Unresolved - 2001 - 5.

Section II - Management Letter

None issued.